

## **REMARKS**

### **I. Agreement was reached during the interviews.**

#### **A. Interview dated March 22, 2011.**

Applicant's representatives reached agreement with the Examiner during the interview on the items set forth below.

1. The rejection of independent claim 1 under 35 U.S.C. §103(a) over U.S. Patent No. 5,644,724 to Cretzler ("Cretzler") in view of U.S. Patent No. 5,335,169 to Chong ("Chong").

Applicant's representatives and the Examiner agreed during the interview that neither Cretzler nor Chong disclose computing a use tax "based upon a location where the purchased goods are to be shipped" as recited in independent claim 1.

2. The rejection of independent claims 9 and 17 under 35 U.S.C. §103(a) over Cretzler in view of Chong and U.S. Patent No. 5,774,872 to Golden et al. ("Golden").

Applicant's representatives and the Examiner agreed during the interview that Cretzler and Chong failed to disclose the subject matter of independent claims 9 and 17 for reasons similar to that with regards to independent claim 1.

3. The rejection of independent claims 30 and 32 under 35 U.S.C. §103(a) over Cretzler in view of Chong and Golden.

Applicant's representatives and the Examiner agreed during the interview that the combination of references does not disclose "directly connecting" and "transmitting" tax data "directly to the governmental taxing authority." In particular, as shown in Fig. 1 for example, Golden uses a central computer 12, which acts as an intermediary device.

#### **B. Interview dated May 4, 2011.**

Applicant's representative reached agreement with the Examiner during the interview that the combinations of references (Cretzler, Chong, Golden, and U.S. Patent No. 5,642,270 to Bloomberg ("Bloomberg")) in the current rejection have been overcome and that the Examiner will do an updated search.

### **II. Merits of the Office Action.**

#### **A. Rejection of claims 1, 2, 4, 5, 8, 14, and 16.**

In the Office Action, the Examiner rejected claims 1, 2, 4, 5, 8, 14, and 16 under

35 U.S.C. § 103(a) as being unpatentable over Cretzler in view of Chong. Applicant traverses the rejection on the ground that the proposed combination does not disclose each and every element of independent claim 1.

Independent claim 1 recites at least one tax register adapted to compute use tax data for the transaction to be indicated to an appropriate government agency "based upon a location where purchased goods are to be shipped." The Examiner concedes that "Cretzler does not specifically disclose computing use tax data for the transaction to be indicated to an appropriate government agency based upon a location where the purchased goods are to be shipped." (Office Action, page 5, lines 14-16). Applicant respectfully disagrees with the Examiner's contention that Cretzler suggests that the use tax is based on the location of the consumer "since the consumer initiates a transaction at the point-of-sale location." (Office Action, page 5, lines 18-19). More specifically, Applicant submits that the point-of-sale location is the location of the retailer, not the location where the goods are to be shipped.

Chong discloses generating a sales tax report where "the sales records are sorted by location codes for each of the states in which the company is required to report sales tax collections," and teaches that the "totals for sales and tax amounts for each taxing authority are printed in the two end columns of the report." (Chong, col. 7, lines 32-34 and 42-44). The Examiner appears to rely on inherency in contending that Chong suggests "computing use tax data based upon a location where the purchased goods are to be shipped . . . since the example above shows that tax report is done for a shipping service based on location codes for each of the states." (Office Action, page 32, lines 14-17).

According to MPEP § 2112(IV), "[t]o establish inherency, the extrinsic evidence 'must make clear that the missing descriptive matter is necessarily present in the thing described in the reference . . . The mere fact that a certain thing may result from a given set of circumstances is not sufficient.'" (MPEP § 2112(IV), page 2100-47, col. 2 (Rev. 6, Sept. 2007) (quoting *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999)). Applicant submits that location codes in Chong do not necessarily represent a location

where the purchased goods are to be shipped. For example, a location code may represent the location of the company reporting the sales tax, not a location where the purchased goods are to be shipped. Accordingly, it was improper for the Examiner to rely on inherency for this element. Applicant submits that Chong discloses listing the total tax amounts due for sales made in a given state in a sales tax report and does not disclose computing use tax data "based upon a location where the purchased goods are to be shipped" as recited in independent claim 1.

Applicant submits that the combination of Cretzler and Chong, as proposed by the Examiner, does not teach or suggest each and every element of independent claim 1. Accordingly, the rejection of independent claim 1 and claims 2, 4, 5, 8, 14, and 16, dependent from independent claim 1, or claims dependent therefrom, under 35 U.S.C. § 103(a) over Cretzler in view of Chong has been overcome.

B. Rejection of claims 3, 6, 7, 9-13, 17-27, and 30-32.

The Examiner rejected claims 3, 6, 7, 9-13, 17-27, and 30-32 under 35 U.S.C. § 103(a) as being unpatentable over Cretzler in view of Chong and Golden. Applicant traverses the rejection on the ground that the proposed combination does not disclose each and every element of independent claims 9, 17, 30, and 32.

1. Independent claims 9 and 17.

Independent claim 9 recites a computer register adapted to calculate the use tax to be received by a government agency "based upon a location where the goods are to be shipped." Similarly, independent claim 17 recites a tax register adapted to compute use tax data for the transaction to be provided to an appropriate government agency "based upon a location where purchased goods are to be shipped." The Examiner concedes that Cretzler does not disclose the recitation of "where the goods are to be shipped," and improperly relies on Chong to supply this missing element. (See Office Action, page 12, lines 8-9 and 14-16; page 17, lines 8-12).

Applicant submits that for at least the reasons discussed above in traversing the rejection of independent claim 1, Chong does not teach or suggest computing use tax data "based upon a location where the purchased goods are to be shipped." In the

rejection of independent claims 9 and 17, the Examiner combined Cretzler and Chong with Golden for Golden's alleged disclosures of "a digital data network" and generating "reports to send to the state governmental taxing authority," respectively. (See Office Action, page 13, lines 10-13; page 18, lines 12-16). Accordingly, Applicant submits that the combination of Cretzler, Chong, and Golden does not teach or suggest the above-discussed recitations of independent claims 9 and 17.

2. Independent claims 30 and 32.

Independent claim 30 recites "a communication link directly connecting over a network said tax register to the government taxing authority, said tax register being programmed to transmit said tax data directly to the government taxing authority via said communication link." (Emphasis added). Independent claim 32 recites that the system is operable to "directly connect via a communication link over a network to the government taxing authority, and automatically transmit said tax data over the network directly to the government taxing authority via the communication link." (Emphasis added).

In rejecting independent claims 30 and 32, the Examiner concedes that Cretzler does not disclose "a government taxing authority," and improperly relies on Chong to supply this missing element. (Office Action, page 22, lines 13-15; page 25, lines 13-15). The portion of Chong cited by the Examiner as allegedly disclosing a government taxing authority states: "third defining means for defining customer data indexed to a customer identification code, including customer identification, a rate assessment type codes and an assessment rate code, for each of the user's customers." (Chong, col. 2, lines 28-31). Applicant submits that the portion of Chong relied on by the Examiner does not teach or suggest "a government taxing authority" as recited in independent claims 30 and 32.

The Examiner concedes that "[n]either Cretzler nor Chong disclose a communication link directly connecting over a network said tax register to the taxing authority." (Office Action, page 23, lines 1-2). The Examiner contends that Golden shows that the "central computer is in direct communication with each taxable transaction terminal via electronic link by interrogation of and storing of the data." (Office Action, page 23, lines 6-8 (emphasis added)). Applicant respectfully submits that in Golden, central

computer 12 is not the government taxing authority.

In particular, Golden discloses a "point of sale terminal 16," "central computer 12," and "governmental taxing authority 38," and teaches that the amount reflecting the transaction taxes collected by the merchant and owing to the state may be transferred "to the central computer 12, or, alternatively, directly to the state government 38." (Golden, col. 7, lines 41 and 48-52; Fig. 1 (emphasis added)). In Golden, the reports generated by the central computer "may then be sent to the taxing authority." (Golden, Abstract). Accordingly, Applicant submits that central computer 12 is distinct from government taxing authority 38 and the Examiner improperly interpreted the central computer of Golden as the government taxing authority.

Further, Fig. 1 of Golden shows that point of sale terminal 16 is not directly connected by a communication link to government taxing authority 38. Instead, point of sale terminal 16 is connected by telephone lines 26 to central computer 12, which is in turn connected to government taxing authority 38. Thus, central computer 12 of Golden is an intermediary between point of sale terminal 16 and government taxing authority 38, and point of sale terminal 16 transmits data over the network to central computer 12, not directly to government taxing authority 38.

Applicant submits that the combination of Cretzler, Chong, and Golden does not teach or suggest the above-discussed recitations of independent claims 30 and 32. Accordingly, the rejection of independent claims 9, 17, 30, and 32 and claims 3, 6, 7, 10-13, 18-27, and 31, dependent from one of independent claims 9, 17, 30, and 32, or claims dependent therefrom, under 35 U.S.C. § 103(a) over Cretzler in view of Chong and Golden has been overcome.

#### C. Rejection of claims 28, 29, and 33.

The Examiner rejected claims 28, 29, and 33 under 35 U.S.C. § 103(a) as being unpatentable over Cretzler in view of Chong, and further in view of Bloomberg. Applicant traverses the rejection on the ground that the proposed combination does not disclose each and every element of independent claims 28 and 33.

##### 1. "government taxing authority."

In rejecting independent claims 28 and 33, the Examiner concedes that Cretzler

does not disclose "a government taxing authority," and improperly relies on Chong to supply this missing element. (Office Action, page 28, lines 3-5; page 30, lines 17-19). The portion of Chong cited by the Examiner as allegedly disclosing a government taxing authority states: "third defining means for defining customer data indexed to a customer identification code, including customer identification, a rate assessment type codes and an assessment rate code, for each of the user's customers." (Chong, col. 2, lines 28-31). Applicant submits that the portion of Chong relied on by the Examiner does not teach or suggest "a government taxing authority" as recited in independent claims 28 and 33.

2. "[A] purchase made over the Internet by a consumer."

Independent claim 28 recites at least one tax register including a processor configured to generate tax data including a calculation of an amount of tax to be paid to a government taxing authority "for a purchase made over the Internet by a consumer." Similarly, independent claim 33 recites a processor programmed to receive, over a network, tax data including an amount of tax to be paid to a government taxing authority "for a purchase made over the Internet by the consumer from the retailer."

The Examiner concedes that Cretzler does not disclose "a purchase made over the internet," and states that Bloomberg teaches that the transaction information may be stored "on-line" by the clerk making the sale. (Office Action, page 28, lines 10 and 16-17). Applicant submits that Bloomberg does not disclose or suggest a purchase over the Internet by a consumer for the reasons set forth below.

(i) "[A] purchase made over the Internet."

Independent claims 28 and 33 each concern "a purchase made over the internet."

(a) A purchase made over the Internet does not consist merely of the storing of transaction data by a clerk making a sale.

A purchase involves an exchange of value between two parties. For example, Merriam-Webster Dictionary defines "purchase" as "to obtain by paying money or its equivalent." ([www.merriam-webster.com/dictionary/purchase](http://www.merriam-webster.com/dictionary/purchase) (accessed May 19, 2011)). Applicant respectfully submits that the storing of information on a computer by a clerk does not amount to "a purchase over the Internet" as claimed in independent claims 28 and 33.

(b) The Examiner impermissibly attempts to inject the Internet into Bloomberg's use of the term "on-line."

Bloomberg states that transaction data may be "stored on-line as the information is entered by the clerk making the sale, or may be stored off-line, for example at the dealer location." (Bloomberg, col. 3, lines 58-61). Applicant submits that at the time that Bloomberg was filed (August 9, 1994), the term "on-line" did not imply "Internet." The term "on-line" was more generally associated with use of a computer. Wikipedia states that "[i]n general, 'on-line' indicates a state of connectivity, while 'offline' indicates a disconnected state." (Wikipedia, [www.wikipedia.org/wiki/On-line](http://www.wikipedia.org/wiki/On-line), (accessed May 19, 2011)). A person of ordinary skill in the art at the time of Bloomberg's disclosure would not have concluded that a transaction was being conducted over the Internet based on Bloomberg's disclosure. Accordingly, Applicant submits that Bloomberg's storage of information "on-line" is not "over the Internet" as recited in independent claims 28 and 33.

Moreover, Bloomberg discloses that purchases are made "at each retail location." (Bloomberg, col. 3, lines 39-40). Since the actual purchase is conducted at the retail location and not over the Internet, Bloomberg does not disclose or suggest this feature of independent claims 28 and 33.

(ii) "[B]y a consumer."

Independent claims 28 and 33 each recite that the purchase made over the Internet is "by a consumer." Even, *assuming arguendo*, that part of the purchase process is being conducted "on-line" as contended by the Examiner, the portion being conducted on-line is by a clerk, not "by a consumer" as claimed. Accordingly, Bloomberg also fails to disclose or suggest this feature of independent claims 28 and 33.

Applicant submits that the combination of Cretzler, Chong, and Bloomberg does not teach or suggest the above-discussed recitations of independent claims 28 and 33. Accordingly, the rejection of independent claims 28 and 33 and claim 29, dependent from independent claim 28, under 35 U.S.C. § 103(a) over Cretzler in view of Chong and Bloomberg has been overcome.

Applicant submits that independent claims 1, 9, 17, 28, 30, 32, and 33 are patentable and that dependent claims 2-8, 10-14, 16, 18-27, 29, and 31, dependent from

one of independent claims 1, 9, 17, 28, or 30, or claims dependent therefrom, are patentable at least due to their dependency from an allowable independent claim.

**III. Conclusion**

In view of the foregoing remarks, it is respectfully submitted that the claims are patentable. Therefore, it is requested that the Examiner reconsider the outstanding rejections in view of the preceding comments. Issuance of a timely Notice of Allowance of the claims is earnestly solicited.

To the extent any extension of time under 37 C.F.R. § 1.136 is required to obtain entry of this reply, such extension is hereby respectfully requested. If there are any fees due under 37 C.F.R. §§ 1.16 or 1.17 which are not enclosed herewith, including any fees required for an extension of time under 37 C.F.R. § 1.136, please charge such fees to our Deposit Account No. 50-1068.

Respectfully submitted,

MARTIN & FERRARO, LLP

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